

EXHIBIT B

EPA/HDW Draft 5/1/2026

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[Date]

City of Austin, Texas
625 East 10th Street
Austin, TX 78701

RE: WIFIA Term Sheet for the City of Austin, Texas – Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project (WIFIA ID – 23123TX)

Ladies and Gentlemen:

This WIFIA Term Sheet (this “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the Borrower (as defined below) received August 26, 2025 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (as further described below, the “**Project**”) in the form of a secured loan (the “**WIFIA Loan**”), pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended, and as may be further amended from time to time, the “**Act**”), codified as 33 U.S.C. §§ 3901-3915, subject in all respects to (i) the terms and conditions contained herein and (ii) the execution and delivery of the WIFIA loan agreement to be entered into on or after the date hereof (the “**WIFIA Loan Agreement**”) on the terms and conditions acceptable to the USEPA contained therein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement.

By executing this Term Sheet, the Borrower confirms its agreement to reimburse USEPA for any and all fees and expenses that USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and preparation of the WIFIA Loan Agreement and related documents, whether or not such agreement is ultimately executed.

This Term Sheet shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable, and the internal laws of the State of Texas, if and to the extent such federal laws are not applicable. This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

INDICATIVE TERMS OF THE WIFIA LOAN

WIFIA LENDER	United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “ WIFIA Lender ”).
BORROWER	City of Austin, Texas, a home-rule city operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Texas Constitution and organized and existing under the laws of the State of Texas (the “ Borrower ”).
PROJECT	The project is the Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project, located in the City of Austin, Texas, and consists of the planning, design, and construction of expansions and enhancements to the Walnut Creek Wastewater Treatment Plant, including water quality and capacity upgrades, related system upgrades, and civil improvements (the “ Project ”).
WIFIA LOAN AMOUNT	A maximum principal amount (sum of disbursements and excluding capitalized interest) not to exceed \$[861,331,335]; provided that (a) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs, and (b) the total federal assistance for the Project, including but not limited to the maximum principal amount of the WIFIA Loan and all federal grants, shall not exceed eighty percent (80%) of Total Project Costs.
INTEREST RATE	<p>The WIFIA Loan shall bear interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar maturity (based on the weighted average life of the WIFIA Loan) as published, on the execution date of the WIFIA Loan Agreement, in the United States Treasury Bureau of the Fiscal Service’s daily rate table for State and Local Government Series (SLGS) securities.</p> <p>Interest shall accrue and be computed on the basis of a 360-day year of twelve (12) thirty (30) day months.</p> <p>The WIFIA Loan shall also bear default interest at a rate of 200 basis points above the otherwise applicable interest rate, at such times and upon such terms as provided in the WIFIA Loan Agreement.</p>

<p>PAYMENT DATES</p>	<p>Principal and interest on the WIFIA Loan shall be repaid in accordance with the terms set forth in the WIFIA Loan Agreement.</p> <p>Subject to the terms of the WIFIA Loan Agreement, the Debt Service Payment Commencement Date shall in no event be later than five (5) years after the Substantial Completion Date of the Project.</p> <p>Subject to the terms of the WIFIA Loan Agreement, (a) during the Capitalized Interest Period, no principal or interest shall be paid and (b) during the Interest Only Period, no payment of principal will be due and payable and the WIFIA Debt Service payable by the Borrower shall consist of one hundred percent (100%) of the amount of interest then due and payable on the Outstanding WIFIA Loan Balance.</p>
<p>FINAL MATURITY DATE</p>	<p>The earliest of (a) November 15, 2061; (b) the date on which the maturity of the WIFIA Loan and corresponding WIFIA Bond have become subject to mandatory redemption or prepayment (as the case may be) prior to maturity thereof in accordance with the WIFIA Loan Agreement; and (c) the Principal Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date, which is projected to be May 23, 2031.</p>
<p>DEDICATED SOURCE OF REPAYMENT</p>	<p>The dedicated source of repayment for the WIFIA Loan shall be the Net Revenues, as defined in the WIFIA Loan Agreement, and which consists of the gross revenues, less operating expenses, of the Borrower's combined water/wastewater system.</p>
<p>SECURITY AND LIEN PRIORITY</p>	<p>The WIFIA Loan (and corresponding WIFIA Bond) shall be secured by a senior lien on and pledge of the Pledged Collateral, which consists of the Net Revenues and the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Master Ordinance and any Supplement (including the WIFIA Supplemental Ordinance).</p> <p>As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, as the registered owner, on or prior to the Effective Date, the WIFIA Bond. The WIFIA Bond shall be issued pursuant to the Master Ordinance and the WIFIA Supplemental Ordinance and shall be a Parity Water/Wastewater Obligation under the Master Ordinance, secured under the Master Ordinance and the WIFIA Supplemental Ordinance by a first Lien on and pledge of the Pledged Collateral. The WIFIA Bond shall be entitled to all</p>

	<p>of the benefits of a Parity Water/Wastewater Obligation under the Master Ordinance and all other WIFIA Loan Documents.</p> <p>The Lien on the Pledged Collateral to secure the WIFIA Loan (and corresponding WIFIA Bond) for the benefit of the WIFIA Lender is and shall be (a) on a parity in right of payment and right of security to the Liens on the Pledged Collateral in favor of all other Parity Water/Wastewater Obligations and (b) senior in right of payment and right of security to any Lien on the Pledged Collateral in favor of any Subordinated Debt.</p>
RATE COVENANT	<p>As set forth in further detail in Section 4 (<i>Rate Covenant</i>) of the Master Ordinance and in the WIFIA Loan Agreement, the Borrower shall fix, establish, maintain and collect such rates, charges and fees for water and wastewater services furnished by the Water/Wastewater System and to the extent legally permissible, revise such rates, charges and fees to produce Gross Revenues each Borrower Fiscal Year sufficient:</p> <ul style="list-style-type: none">(a) to pay all current Operating Expenses;(b) to produce Net Revenues equal to the greater of either (x) an amount to pay the actual annual debt service due and payable in such Borrower Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations or (y) an amount, when added to Other Available Water/Wastewater System Revenues (as defined in the Master Ordinance), that would pay one hundred twenty-five percent (125%) of Annual Debt Service Requirements (as defined in the Master Ordinance) due and payable in such Borrower Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations; and(c) to pay after deducting the amounts determined in (a) and (b) above, all other financial obligations of the Water/Wastewater System reasonably anticipated to be paid from Gross Revenues. <p>If the Net Revenues in any Borrower Fiscal Year are less than the aggregate amount specified above the Borrower shall promptly upon receipt of the annual audit for such Borrower Fiscal Year cause such rates and charges to be revised and adjusted to comply with Section 4 (<i>Rate Covenant</i>) of the Master Ordinance or obtain a written report from an Utility System Consultant (as defined in the Master Ordinance) after a review and study of the operations of the Water/Wastewater System has been made concluding that, in their opinion, the rates and charges then in effect for the</p>

	<p>current Borrower Fiscal Year are sufficient or adjustments and revisions need to be made to such rates and charges to comply with Section 4 (<i>Rate Covenant</i>) of the Master Ordinance and such adjustments and revisions to water and wastewater rates and charges are promptly implemented and enacted in accordance with such Utility System Consultant's report. Notwithstanding anything in Section 4 (<i>Rate Covenant</i>) of the Master Ordinance to the contrary, the Borrower shall be deemed to be in compliance with Section 4 (<i>Rate Covenant</i>) of the Master Ordinance if either of the actions mentioned in the preceding sentence are undertaken and completed prior to the end of the Borrower Fiscal Year next following the Borrower Fiscal Year the deficiency in Net Revenues occurred.</p>
ADDITIONAL INDEBTEDNESS	<p>As set forth in further detail in the WIFIA Loan Agreement, the Borrower shall not issue or incur any Additional Parity Water/Wastewater Obligations unless the conditions described in Section 15(a) (<i>Indebtedness</i>) of the WIFIA Loan Agreement are satisfied, including that the Borrower shall have complied with all requirements of the Master Ordinance for the issuance of such Additional Parity Water/Wastewater Obligations. Such requirements, as set forth in Section 10 (<i>Issuance of Additional Obligations</i>) of the Master Ordinance, include the requirement that, prior to the issuance or incurrence of any such Additional Parity Water/Wastewater Obligations:</p> <p>(a) a Designated Financial Officer (as defined in the Master Ordinance) shall execute a certificate stating that, to his or her knowledge, the Borrower is in compliance with all covenants contained in the Master Ordinance and any Supplement (including the WIFIA Supplemental Ordinance), is not in default in the performance and observance of any of the terms, provisions and conditions of the Master Ordinance and all such Supplements, and the Funds and Accounts (each as defined in the Master Ordinance) securing the Parity Water/Wastewater Obligations then Outstanding as established in accordance with the terms of the Master Ordinance and any Supplement contain the amounts then required to be therein or the proceeds of sale of the Parity Water/Wastewater Obligations then to be issued are to be used to cure any deficiency in the amounts on deposit to the credit of such Funds and Accounts, if any; and</p>

(b) an Accountant (as defined in the Master Ordinance) shall certify or render an opinion to the effect that, for the last completed Borrower Fiscal Year preceding the date of the then proposed Additional Parity Water/Wastewater Obligations, or for any twelve consecutive calendar month period ending not more than ninety (90) days prior to the date of the then proposed Additional Parity Water/Wastewater Obligations, the Net Revenues of the Water/Wastewater System, after deducting amounts expended from the Water/Wastewater System's Net Revenues during the last completed Borrower Fiscal Year for the payment of debt service requirements of the Prior First Lien Obligations and Prior Subordinate Lien Obligations, together with Other Available Water/Wastewater Revenues, are equal to 1.25 times the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations to be Outstanding after giving effect to the issuance of the then proposed Additional Parity Water/Wastewater Obligations.

The foregoing requirements are subject to all terms and conditions of Section 10 (*Issuance of Additional Obligations*) of the Master Ordinance, including, without limitation, the permissible adjustments to Net Revenues for purposes of the Accountant's determination in clause (b) above, as specified in Section 10(e) (*Determination of Net Revenues*) of the Master Ordinance, and the limitation on short-term Parity Water/Wastewater Obligations under Section 10(b) (*Short-Term Parity Water/Wastewater Obligations*) of the Master Ordinance.

Additionally, the Borrower may not create, incur or suffer to exist (A) any Obligations (i) the payments with respect to which are senior or prior in right to the payment by the Borrower of the WIFIA Bond and the other Parity Water/Wastewater Obligations or (ii) secured by a Lien on the Pledged Collateral that is senior to the Lien on the Pledged Collateral in favor of the WIFIA Lender, or (B) any indebtedness, all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that (i) are secured by a Lien on (x) any assets or property of the Borrower other than the Pledged Collateral, which may include Pledged Collateral remaining after the payment of the Parity Water/Wastewater Obligations or (y) any reserve funds except to the extent permitted by clause (ii) below, or (ii) other than Texas Water

	Development Board loans, are additionally secured by a Lien on any reserve fund unless the WIFIA Bond is also secured by either such reserve fund or a separate reserve fund solely for the benefit of the WIFIA Bond.
RESTRICTED PAYMENTS AND TRANSFERS	The Borrower shall not permit Gross Revenues or other assets of the Water/Wastewater System, or any funds in any accounts held under the Master Ordinance or in any other fund or account held by or on behalf of the Borrower with respect to the Water/Wastewater System or the Pledged Collateral, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the Water/Wastewater System or as otherwise permitted in accordance with the Master Ordinance.
WIFIA LOAN DOCUMENTATION	The WIFIA Loan shall be subject to the preparation, execution and delivery of the WIFIA Loan Agreement, the WIFIA Bond and any other loan documentation required by the WIFIA Lender in connection therewith, in each case acceptable to the WIFIA Lender and the Borrower, which will contain certain conditions precedent, representations and warranties, affirmative and negative covenants, events of default, and other provisions as agreed between the WIFIA Lender and the Borrower.

[Signature pages follow]

DRAFT

If the foregoing terms are acceptable, please countersign this letter in the space indicated below.

Sincerely,

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the United States
Environmental Protection Agency

By: _____
Name: Lee M. Zeldin
Title: Administrator

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ACKNOWLEDGED AND AGREED:

CITY OF AUSTIN, TEXAS,
by its authorized representative

By: _____
Name:
Title:

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